Economic debate since the financial crisis and Great Recession has often focused on issues like monetary policy, fiscal stimulus, unemployment and financial regulation. Yes, these are all important, but in the future we will need to pay much more attention to a relatively neglected field: population economics. It’s an area that will prove central to understanding whether nations will grow richer — or will stagnate and lose global importance.

How much has this field been neglected? Consider that perhaps the biggest economic news of the year has gone largely unanalyzed. In an article published recently by the journal Science, Patrick Gerland, a United Nations researcher, along with co-authors, developed a radical revision of global population projections. They argued that, contrary to previous estimates, global population was unlikely to peak anytime soon.

To the contrary, they see an 80 percent probability that the world’s population, now 7.2 billion, will rise to as much as 12.3 billion by 2100. One reason, they say, is that a decline of Africa’s fertility rate is proceeding at a slower
pace than had been expected.

Unfortunately, regions with rapidly growing populations, like Africa and South Asia, often have lower living standards. In our likely global future, these regions will have more people than they can comfortably support, while many countries in the West and in East Asia will have too few young people for prosperous economies.

As an economist, I see an obvious solution: Relatively underpopulated and highly developed countries could profitably take in young Africans and South Asians — and both sides would gain. Yet it’s far from clear that all nations that could benefit from this policy would entertain it, partly because of persistent racial and cultural bias. There is also the legitimate question of how quickly immigrants can adjust to new environments, especially if they are arriving with weak educational backgrounds as the job market demands ever-stronger skills.

Developed countries that can absorb new immigrants at a modest cost should have relatively bright futures. They will help enable a rebalancing of population that will help the entire planet. In contrast, developed countries with relatively inflexible notions of national identity, and thus with strict immigration policies, may shrink in population and lose influence.

Of course, immigration is only one potential remedy. If countries can create flexibility in working conditions, and make living expenses reasonable enough, their families may wish to have more children.

If you’re not convinced that a declining population is a problem, consider Japan. In terms of real gross domestic product per hour worked, Japan has continued to have good performance, but it has a fundamental problem: The working-age population has been declining since about 1997. And Japan’s overall population has been growing older, so with fewer workers supporting so many retirees, national savings will dwindle and resources will be diverted from urgent tasks like revitalizing companies and otherwise invigorating the economy. Japan has already gone from being a miracle exporter to a country that runs steady trade deficits. Perhaps there is simply no narrowly economic recipe to keep its economy growing; Edward Hugh made this argument in his recent ebook, “The A B E of Economics.”

Japan now has two main options: encouraging more childbearing and learning how to accept and absorb more immigrants. But it does not seem close to managing either task.

Japan isn’t the only nation facing this quandary; it just happens to be
experiencing the problems first. Also heading toward population decline are China (with its heritage of a one-child-only policy) as well as South Korea and parts of Mediterranean Europe. It’s hard to see in Italy, for example, how a shrinking population will handle its debt burden — or, in China, how a working couple will be able to support four parents as well as its own offspring.

On the positive side, a country facing a population decline may have an easier time alleviating environmental woes. But dynamic, growing countries are more likely to pursue environmental innovation and tackle the problem.

Fortunately, the United States has been on a path of at least moderate population growth. But it also faces some major problems. For instance, there is no guarantee that the nation’s relatively high fertility rate will continue. Workplace policies that discourage child-rearing are certainly no help. Ensuring a growing American population will probably require immigration reform, which has not been a high priority for Republicans, who gained full control of Congress in last week’s elections. And while American leaders rarely talk openly about it, they may have geopolitical reasons for not wanting this country to be too much smaller, population-wise, than China. That concern could require accelerating rather than just steady population growth.

France, Israel and Singapore are three countries where population issues are being discussed quite frankly; all have explicit public policies to encourage more births. And more countries will probably go down this route. Encouraging people to have more children, and generally bidding for human talent, may characterize the economic policies of the future, just as cities and states today bid for football stadiums and factories.

We are seeing partial evidence of a turnaround toward rising birthrates in some parts of the world. Britain, for instance, has experienced a modest fertility rebound, and not just among recent immigrants. These are underreported and understudied developments.

Many economists are uncomfortable with population issues, perhaps because they aren’t covered in depth in the standard graduate curriculum, or because they touch on topics that may be culturally controversial or even politically incorrect. That’s unfortunate. In the future, population economics — and associated social issues — are likely to be at front and center of our most important policy concerns.

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